

SaskEnergy 16-375

PUBLIC SAFETY, CUSTOMER GROWTH, AND CORPORATE EFFICIENCY INITIATIVES HIGHLIGHT
SASKENERGY'S 2015-16 ANNUAL REPORT

Safe and reliable natural gas service continued to be the number one focus for SaskEnergy in 2015-16 as the corporation added more than 6,000 new customers to its distribution system, bringing its total customer base to nearly 387,000.

SaskEnergy dedicated \$107.5 million toward increasing safety throughout its buried infrastructure in 2015-16. This included an investment of more than \$5 million on continued system remediation efforts in communities with possible slope movement, such as Last Mountain Lake. In addition, an expansion of SaskEnergy's damage prevention initiatives resulted in a six per cent reduction in third-party line hits — part of a nearly 30 per cent reduction in damage incidents since 2013.

"SaskEnergy provides the vital energy infrastructure needed by new customers while also maintaining the highest safety standards for natural gas service to our homes, businesses and industry," Minister responsible for SaskEnergy Jim Reiter said. "At a time when pipeline companies are facing high safety expectations from the public and regulators, SaskEnergy continues to develop processes and procedures that meet or exceed evolving industry best practices."

Reflecting a fiscal year-end change from December 31 to March 31, announced in November 2015, SaskEnergy's 2015-16 recorded income before unrealized market value adjustments was \$135 million for the 15 month period ending March 31, and \$88 million for the 12 month period ending December 31, 2015.

This compared to \$47 million in 2014. The Corporation declared a dividend of \$65 million to Crown Investments Corporation (CIC), based on 2015-16 income before unrealized market value adjustments. Unrealized market value adjustments were unfavourable in 2015-16 resulting in a consolidated net income of \$111 million. A continued focus on efficiency gains resulted in nearly \$6 million in cost reductions throughout 2015, bringing efficiency savings to \$38 million since 2009.

Considerable industrial load growth was experienced in 2015-16, with transmission volume totalling 394 Petajoules (PJ) by March 31, 2016. At the end of 2015, transmission volume had increased by 18 PJ, or 6.4 per cent from 2014. This growth was driven by significant system investments to connect customers in key Saskatchewan industries, including enhanced oil recovery, potash mining and power production.

“SaskEnergy’s ability to provide exceptional customer service while leveraging significant efficiency and productivity initiatives enabled it to support key sectors of our economy, which continue to see billions of dollars in new investments,” Reiter said. “SaskEnergy completed a number of projects to meet the increased demand for natural gas, particularly by the industrial sector. These projects will continue to be a key factor in providing service delivery that supports growth in Saskatchewan.”

Other SaskEnergy/TransGas 2015-16 operational highlights include:

- The corporation achieved its best-ever employee safety performance in 2015, which builds on SaskEnergy’s commitment to the provincial Mission: Zero target.
- TransGas installed major transmission infrastructure in southeast Saskatchewan to receive associated/flare gas volumes that are produced in conjunction with Saskatchewan oil drilling/development. The compression method used allows incremental volume flow for gas producers in the area while creating increased transport revenues for TransGas.
- Completion of 2,311 distribution service connection upgrades through the multi-year distribution service integrity enhancement program, which proactively replaces services in areas of the province that are most susceptible to ground shifting when excessive soil moisture conditions are present.
- A number of environmental efficiencies were achieved — SaskEnergy exceeded its reduction target for compressor emissions by nearly 10 per cent, more than doubled its emissions reduction target through leak repairs, and greenhouse gas emissions were reduced by 8,800 tonnes.

To view a copy of the 2015-16 SaskEnergy Annual Report, please visit www.saskenergy.com/about_saskenergy/annual_report/default.asp.

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